Financial literacy

Nurtaiev Dias

NIS Oskemen

**Introduction**

"People complain about financial difficulties mainly after the fact that they didn’t know anything about money for many years of schooling. As a result, they begin to work for money, but they cannot make money work for themselves." @Robert Kiyosaki(author of “Rich dad, poor dad”)

Most schools with a modern curriculum teach students most of the qualities that they will need in the future, such as human values, knowledge about all spheres, critical thinking, and others, however one of the important things about financial management not taught, because of this most of the people need to study themselves or sometimes improvise. Most of the students do not know about how to plan their budget (profit and expenses) pay credit, how to take a favourable credit with low interest. For me, it is important to know about how to control your finance, because when I was a child situation in my family was hard, my family had problem with money, business of my father was crushed, because of this I must studied how to control my costs in young years. I want to convey that it is important to be financially educated in the 21st century, also I want to pay attention to the administration for this. I was reading a book named by "Rich dad, poor dad" I am understood the importance of financial literacy, I knew about that, but I did not realize its meaning until now, maybe others are repeating my mistakes.

My bias about this is that nowadays financial literacy directly connected with all spheres of humans life and skill to manage finances rationally shows the rate of responsibility of a person for his/her future and prioritizing for future results,also I am strongly believe that most of the people spend they are money for useless thinks and divided they are finance disproportionately. From my point of view this project may help to all students, also to our government and administration, which care about our future. In the end of this research administration will see the importance of be financial educated, especially in 21st century. After that maybe one of the member of administration system may recommend to add subject about financial literacy.

**Context**

As an American businessman and author Robert Kiyosaki said "People complain about financial difficulties mainly after the fact that they didn’t know anything about money for many years of schooling. As a result, they begin to work for money, but they cannot make money work for themselves." This problem was actual, with the development of science and technologies, also with the development of business. People make business with everything, which can using. Some years ago in the world, most of the students have chosen the economist profession. It was actually for this time, nevertheless, the majority of these workers failed, of course, one of the reasons is competition, among young people, also the big role in this played education, especially about finance.

Generally, financial literacy means how effectively a person spends his or her money. Financial literacy includes some characteristics, like effectively divide finance, control money with more profit for the owner, logic and analytic qualities. 21st century, the era of technologies, also a big impact on developing technologies play investigation, which directly connects with finance. It is important to be financially educated in the modern world because all the basics on which human solvency is based related with financial literacy. Problem about the financial education of people involves "Forbes" magazine, which is a big American business magazine. This article raises the topic of financial literacy in high school students, also here information that only In the United States, there are require personal finance for high school graduation: Alabama, Missouri, Tennessee, Utah, and Virginia. This subject includes knowledge about how to earn, spend, save, borrow, and invest money, qualities like this will be amazing not only in universities, also it will be a big step to be wealthy person, it is the opinion of the Marguerita Cheng(author of article about financial literacy in "Forbes" magazine).

Subject about control budget superb opportunity for the government, due to it will be affected by the rising of life conditions. Lessons tell about all vitally necessary things for students. Great example is book "Rich dad poor dad", this book motivated and taught most of them changed their minds after reading this book, but how you use knowledge from this book depends only on you, because of this subject which connected with finance great chance for educating students. Mostly this book motivates people to study and gives some definitions about "passive" and "active" if high qualified professionals correctly use information from this book for teaching students, it will be good for students. Qualities like this will be helpful not only for students, also for adults. For example, people from post-Soviet Union countries, not so financially educated, even though in USSR education was strong, financial education was completed at a low level. Adults mostly divide their budget disproportionately, take credits with high percentages, most of these consequences of less-educated people, lessons about that may help to escape past mistakes.

Financial illiteracy and personal financial problems have reached an epidemic level, because of this created NFEC(National finance educators council), which aimed to scale and empower communities with a critical life skill – financial literacy. Nevertheless, it is not enough for our community, most of the people do not know about this organization, for another half, it is not comfortable to learning from sites. Experience shows that methods of this organization is not bad, in some cases is amazing, program like this will be helpful for high school students. Otherwise, some schools like NIS try to include economy lessons, which include knowledge about finance, the idea, of course, is great, but realization not so good, because economy lesson on a standard level, it means that students should choose this subject between geography/physics/informatics/chemistry/biology, also this subject not so popular between students, because one of the biggest mines of economy lesson, it is that if you want to be economist, you must choose geography, because of the MOCK exam at the end of the year. Others should escape this mistake if they want to rise the financial literacy of students. There is more research about the need and importance of financial education. Everything connected with money, because of this topic related all of us, here is many essays in magazines, opinion of people from different sites, organizations that want to develop financial education of people, because of this I believe that lesson about finance will be a big step to developing and rising of financial literacy of students, furtherer including most of the citizens.

**Aims**

After done some researches on the Internet, I understood that the problem with finance is bigger than I think, One of my main aims, it is a determine the importance of financial literacy among students and the impact on the transition to adulthood, also determine the importance of introducing this subject into the education system.

Therefore, the following research questions are expected to be answered:

how important it is to be financially educated in the 21st century?

For what we need financial literacy?

How does financial literacy affect people's material conditions?

What characteristics are needed for the material support of people?

This subject may help students to more effectively divide their budget, will be more literacy with money. It is predicted that the results of the study will be used by the school administration and teenagers too, for promotion financial literacy.

**Methods**

In my research I will use 3 methods, 2 of them are surveyed because the survey is great data collection tool, which is quickly collect a huge amount of information in the shortest time, also survey is anonymous, due to some people can answer freely, without any emotion and without of thinking about of consequences. After collecting the data from the survey I will find the trends and differences, due to deep analyses I will compare the results of the survey with my expectation and my bias, also with my hypothesis. The obtained data can be used as evidence to argue the point of view. Based on the collected information, I will be able to do a conclusion and it will be objective conclusion of my research, after that, I can create some thesis for my further research. My first survey will relate opinion of students and maybe teachers, due to I can answer to the question “how important it is to be financially educated in the 21st century?” and collect data, like basic knowledge of students about finance, how much they already know about it. I will survey around 100 students, due to it might help me to collect more objective result. My next survey will relate to other authority, It will more relate maturely people, like teachers of economic classes, again teachers and parents. The main difference from the previous survey, it is a research question in which I want to answer because the second survey will relate the elder authority and people with enough experience in dividing their budget, it is a great chance to compare answer of students and elders answers. With the second survey, I will be able to answer the question "What characteristics are needed for the material support of people?" and "How does financial literacy affect people's material conditions?", which are one of my main research questions. I need this survey because the point of view of students and elder people might be different and I need to show the importance of financial literacy, especially in modern life. I this survey, I think will be 40-50 teachers and parents, because I think it is enough amount of people, because adults make more wise decisions than students, due to 50 people enough to show main trends and opinion of adults. The last data collecting tool is an interview, this method is great for collecting specific information from experts of the related spheres. I will get an interview from economic classes teachers because they have own experience, also knowledge about the finance because of the economy directly connected with the financial sphere, due to an interview I will be able to answer to the questions, like the importance of financial literacy and impact of financial literacy on the transition to adulthood. I think I will interview 2-3 teachers because it is enough to collect specific information for my research aims and questions. After collecting the whole information, I will compare it with my hypotheses and bias and use the result of data collecting, like evidence to argue the predict of my research. I will draw some diagrams to clearly show the results. I think that one of the weaknesses of my research methods, it is template answers, especially in survey, because people can express not their opinion, but the opinions that it considers correct, also in interview people might have some biases, due to I will get the biased result.

**Results**

After collecting the data, the information was analyzed and used to answer all research questions: My first method was a survey, I expected that all 100 answers will be profitable, however only 60 of them was enough reliable, the other 40 answers included some missed answers and some of the students ignored it or maybe have no free time to answer.

# From the beginning, I want to find out the level of financial literacy of students by creating a situation, which shows the level of financial education. The question was "if you have extra money, what would you do with it?". The main trend of this question was "save it"( around 68%), others will somehow spend them, depends on cases, like shopping/charity/spend funny time.

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# Fig 1. “part of answers to this situation”

# The majority of participants were 15-17 years old students, also most of them(88,14%) think that this skill is important

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# Fig 2. Opinion about financial literacy

# 91,53% of participants want to improve the level of financial education.

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# Fig 3. Participants desire

# This shows that juniors understand the importance of this skill and some of them have not a bad level of financial education.

The next step was to find out the opinion of adults, unfortunately, I had only 33 respondents out of 50, but I think it is enough for conducting the data because adults more wisely, as a result, 75% of respondents think that they are enough financially educated, most of them have financial education,

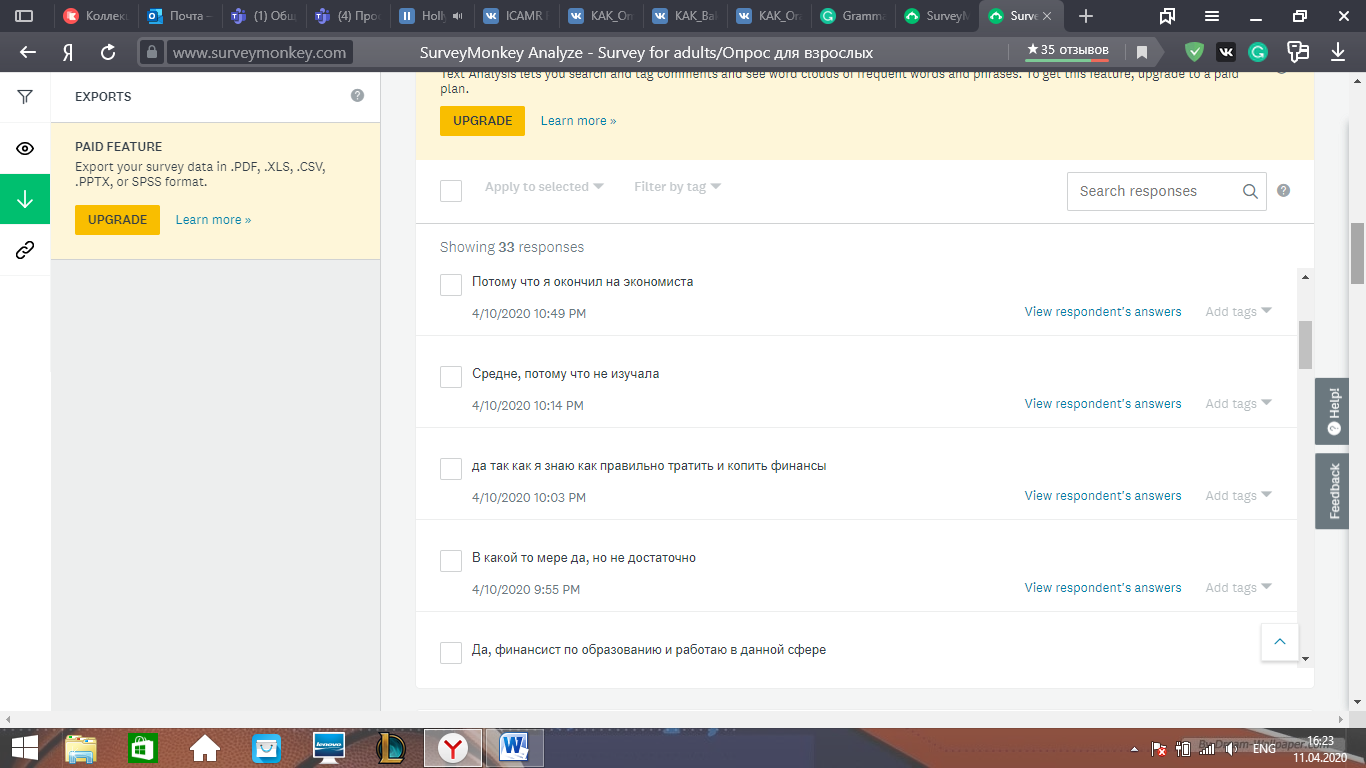


Fig 4. Financial education of adults

Also 85,5% convinced that this skill was helpful in their lives.



Fig 5. The usefulness of this skill

93,75% think that this skill is important,

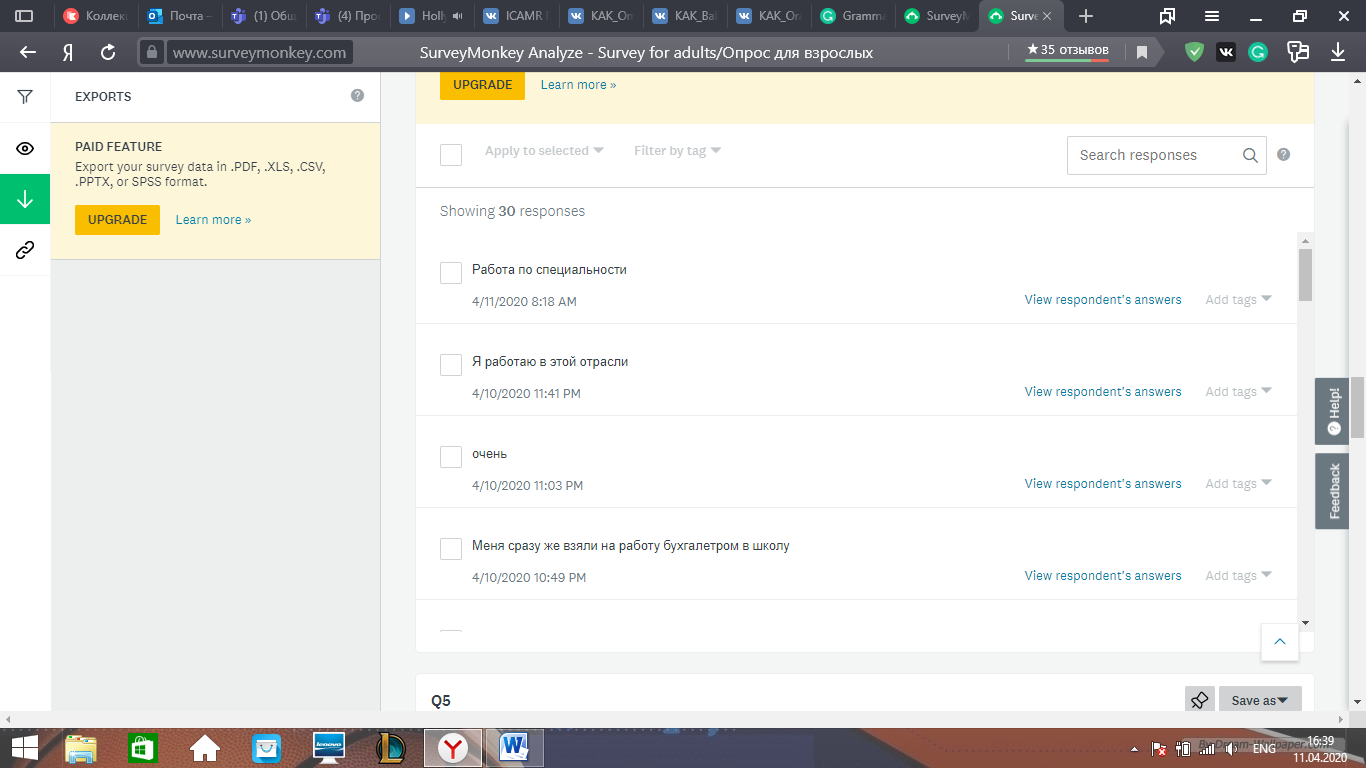


Fig 6. How this skill was helpful

moreover, most of them connected their daily life with this, arguing that by daily usage of finance and to provide themselves and develop their business. 96,77% prefer to educate the students and pay more attention to expand their knowledge about finance,

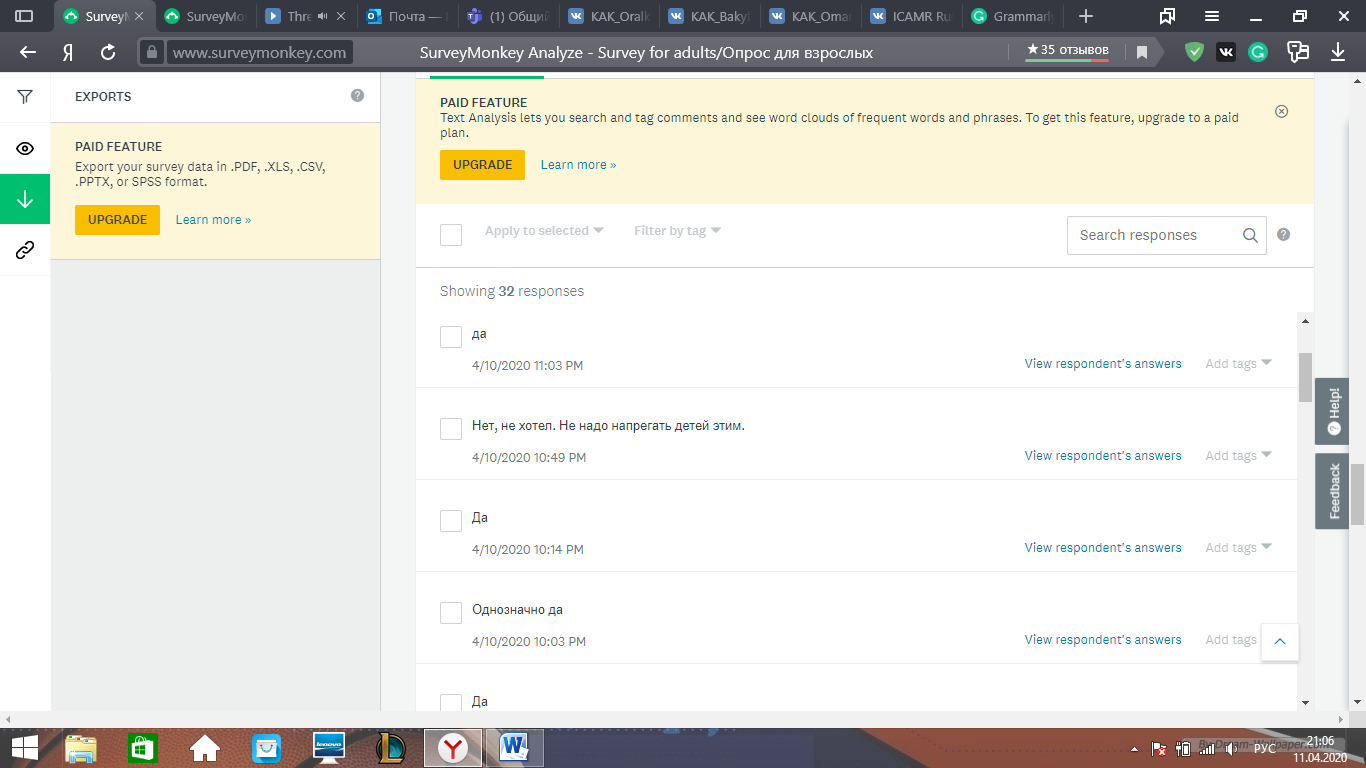


Fig 7. Financial education in curriculum

especially more suitable for them, educate the students in high school. This shows that in schools, skills like this not schooling. Somehow to educate youth generation, adults try to share with their knowledge(74,19%).

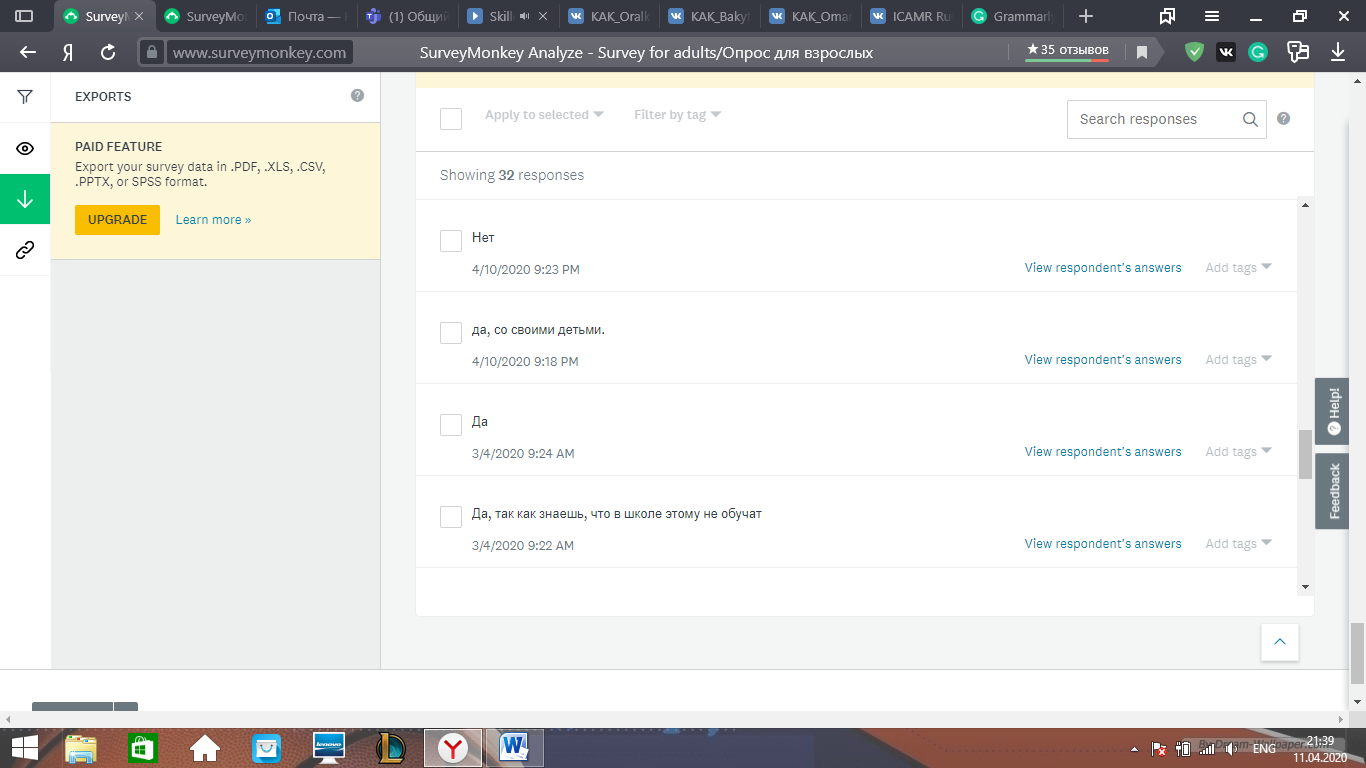


Fig 8. Instruction of elders

Finally, there had been an interview with economic classes teachers and parents with financial education. This method helped to connect and show the usefulness of this skill. Interviewing the parents, I can answer the question "Would you like in schools to pay more attention to financial literacy, like to pay more attention to expand your knowledge about it?" as a parent and to the question "From your own experience, what do you think about this skill?" as a person who has financial education. Answer to the 1st question was "Of course because of this skill will help to every person throughout life, to be wealthy, but the more suitable case is to study this subject in high school, where students wiser and can understand the importance of this subject" and 2nd answer "This skill helped me and continue to help me keep and divide my budget, I think this skill should be studied by everyone, such skill will help not only control but how to expand your budget, due to I think this skill as important as writing and reading". Questions to the economic classes teacher was the same, but there was an extra question "what about economic classes, does their cover knowledge about financial literacy?" the answer to the two questions was somehow the same. Answer to the extra question was "there is no specific topic but we do learn about money, sources of finance and the ways of investing it and possible risks.", but there should be one explanation, not all students have economic classes because this subject has chosen as a standard level. As you can see answers in interview and survey, which was taken from adults have similar ideas, which shows that the parents/teachers want to improve the level of financial education in schools and majority of students too.

**Conclusion**

The research tools have shown a clear data. According to this data, I could answer my research questions and conclude:

Is it important to be financially educated in the 21st century?

Regarding the survey and interview, most of the participants think that it is important, especially in the era of technology.

How does financial literacy affect people's material conditions?

This skill might help people to save more and spend less, due to somehow you can expand your budget.

What characteristics are needed for the material support of people?

Firstly, important need to be enough financially educated and wisely divide your budget. Understanding of your possibilities and opportunities.

Do we need to teach children financial literacy in schools?

Most of the adults support this position because schools bring up many skills, except financial skills, although students understand the importance of this skill, and most of them are ready to attend classes which are targeted to expand their knowledge about finance.

Overall, this research shows that adults and students realize the significance of the financial education and as well as the fact that the school does not pay due attention to the financial education system.

**Evaluation**

By analyzing the methods of collecting information as well as the results that I have received, the following strengths can be determined.

For survey(both):

\*The survey was conducted anonymously as well as confidentially respondents could answer questions without any limits and also more truthfully.

\*Because the survey was taken from 2 different generations, it gives more understanding and research opportunities. Thanks to this I have collected more qualitative data.

Although, by analyzing I have understood my methods(survey) have some drawbacks:

\*Some of the respondents skipped some of the questions, others showed the frivolous attitude, due to some answers was useless.

\*To apply its findings to the target population and increase external validity, the survey should have included respondents from all regions of Kazakhstan.

\*For objective results, I need more than 100 useful answers, also it will be more preferable if respondents have a different connection with finance, as some of them with work, others may be education, for others just was a useful skill to avoid financial problems. Unfortunately, I have similar type of answers and some answers were identical, it looks like people answered not truly, but based on social standards.

The interview I conducted with economic classes teachers and qualified financial managers. So I think I collected reliably information, but to get the overall picture I think it will be much better to interview with representatives of different types of professions to show the effect of this skill on their life.

Although, my bias was wrong because students show acceptable level of financial education, but I think it is unreliable because maybe they know about this, but in the practice, everything goes wrong due to I think it will be more preferable to use another method, like social observation to know about for what and how they will spend money and for more reliability I think will be better to do it anonymously.

The interim results that I obtained with my method are quite reliable and give an overall picture of financial literacy but I can't generalize this for our country because it may be different in other regions.

**Further research**

Financial education is an actual issue, also for developing this research need to cover a huge area, preferably to cover the whole country, maybe other regions have a different point of view. Moreover, the interview needs to be with around 10 people, which have a different connection with the financial sphere, it will help to expand the opportunities to the view overall picture. Comparing the responses of people connected with the finance it is another method of analyzing information. One of the unexpected things was the result of the survey for students because my bias was that most of the students can not imagine the importance the financial literacy and most of them have a low level of financial literacy, although I do not know how they will decide to spend their extra money due to I have new questions, like "how they will do with extra money in practice?" "how to do research to get more accurate data", the last question I think the most important because people mostly try to keep social standards like they are know how to do in some situation, but in practice, they will choose what they want, so it will be much better to observe them anonymously, but it is some kind of violation. Because of this, it will be better to try find honest people, whom you trust and connect this research with them.

This research changed my point of view. I thought that this issue scales is much bigger than my imagination, the developed countries also care about this problem and try to help citizens by publishing some news which related this topic and government of the USA was one of the first countries which understood it and try to fix this problem by studying youth generation at schools, unfortunately, only 5 states have subject about this. The study found that the majority of respondents know about this and try to fight with this by sharing experience or study on their own. I believe, that more actions directed to the expansive knowledge about finance and make people more financially educated will help our country, also to the whole world because it is one of the maybe the most important aspects of our life.

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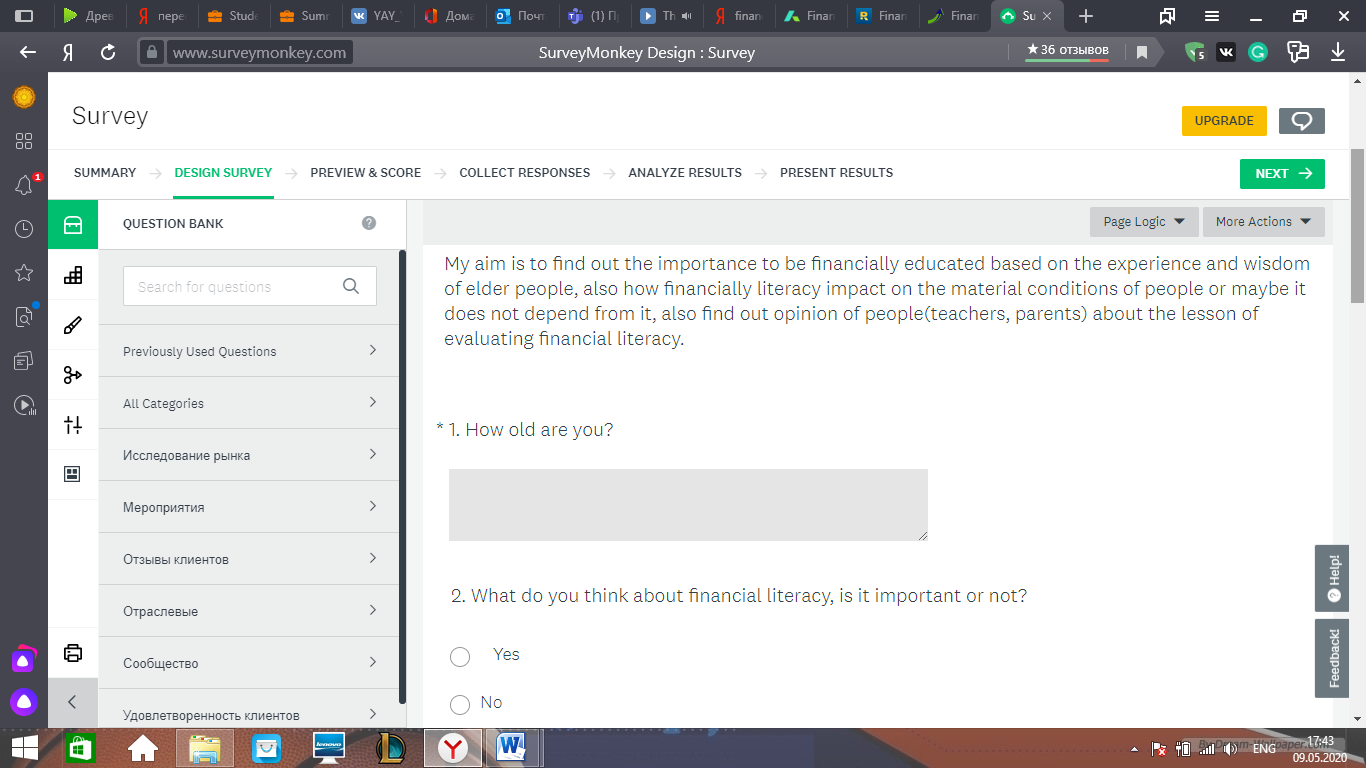
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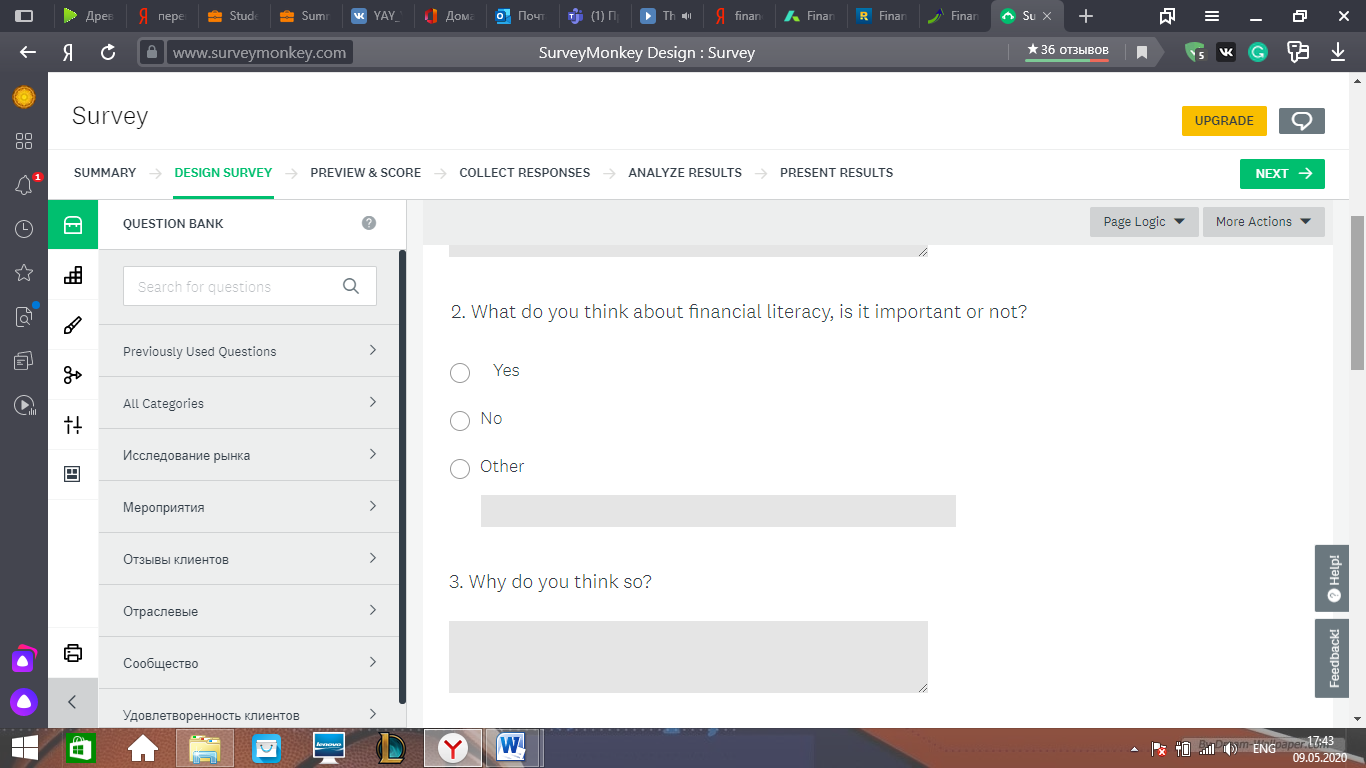
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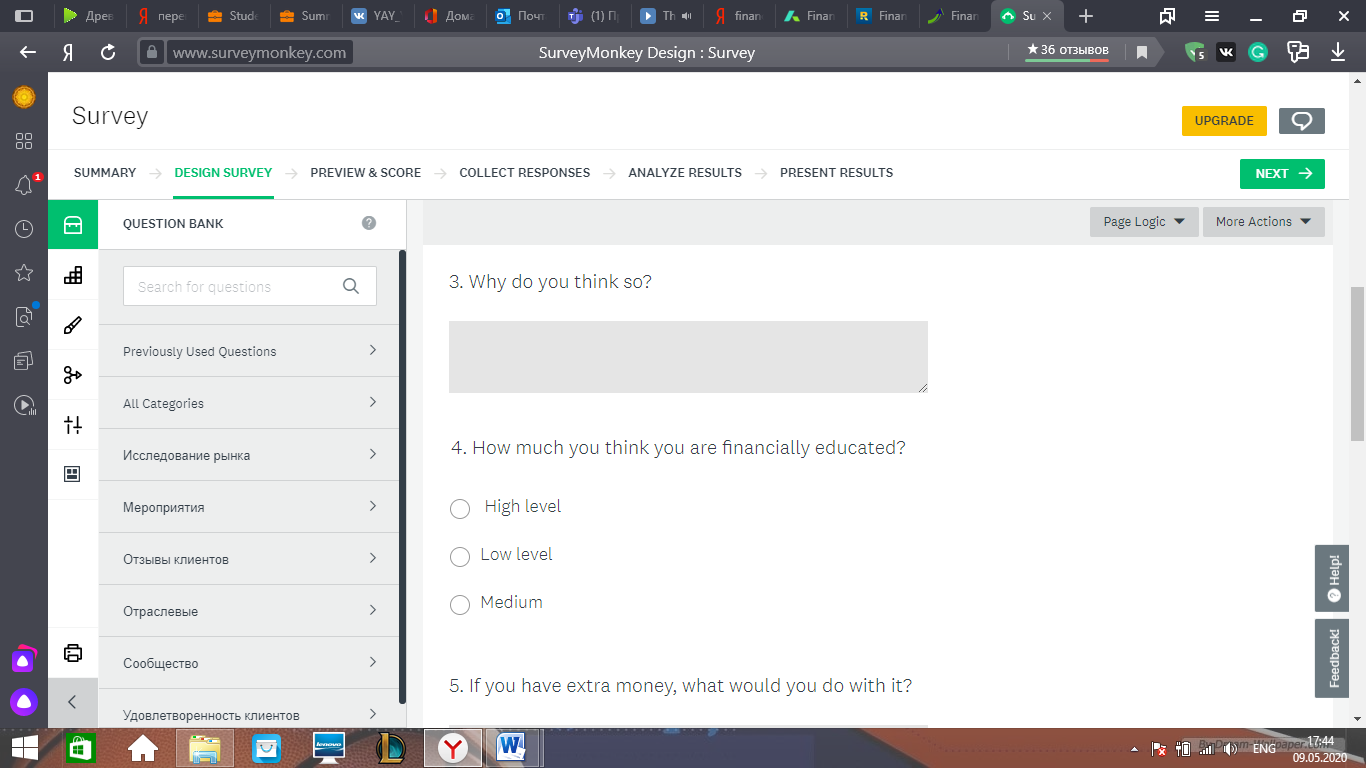
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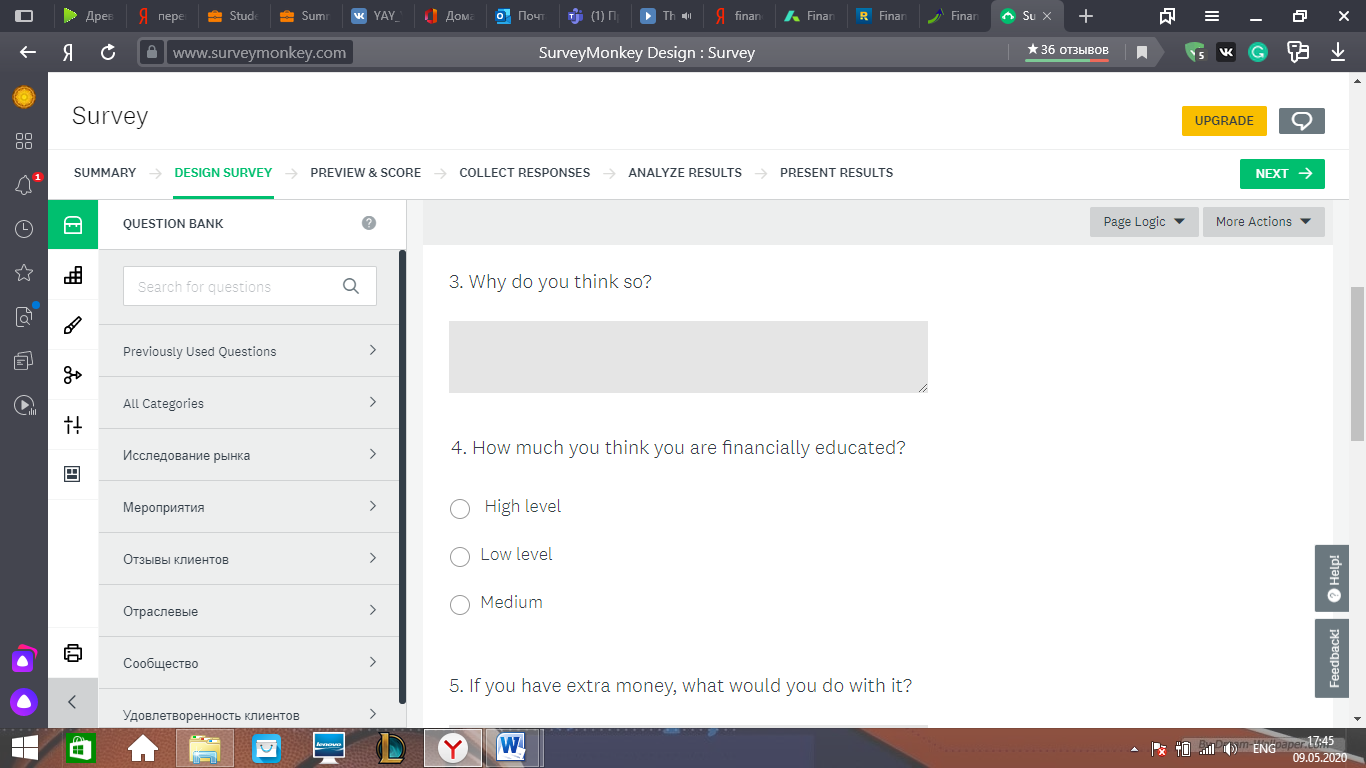
**Appendices**

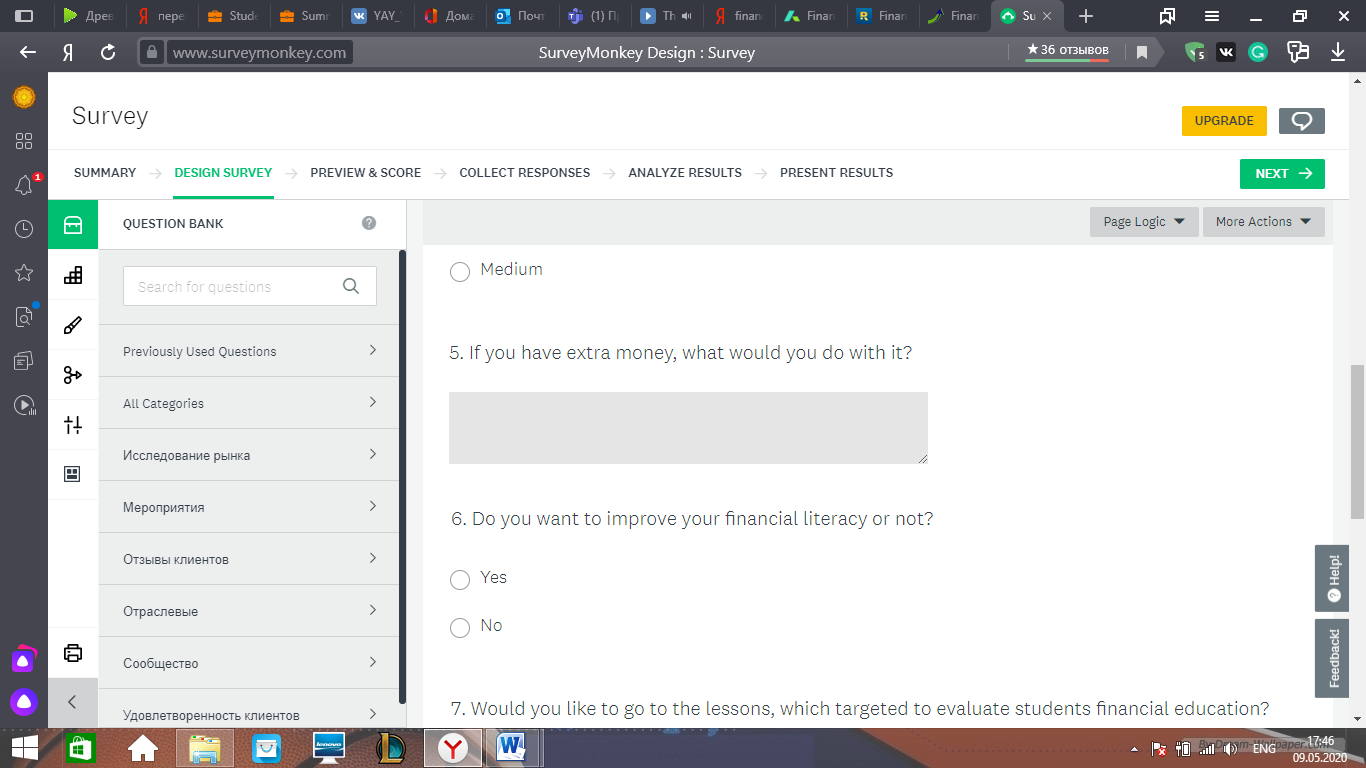
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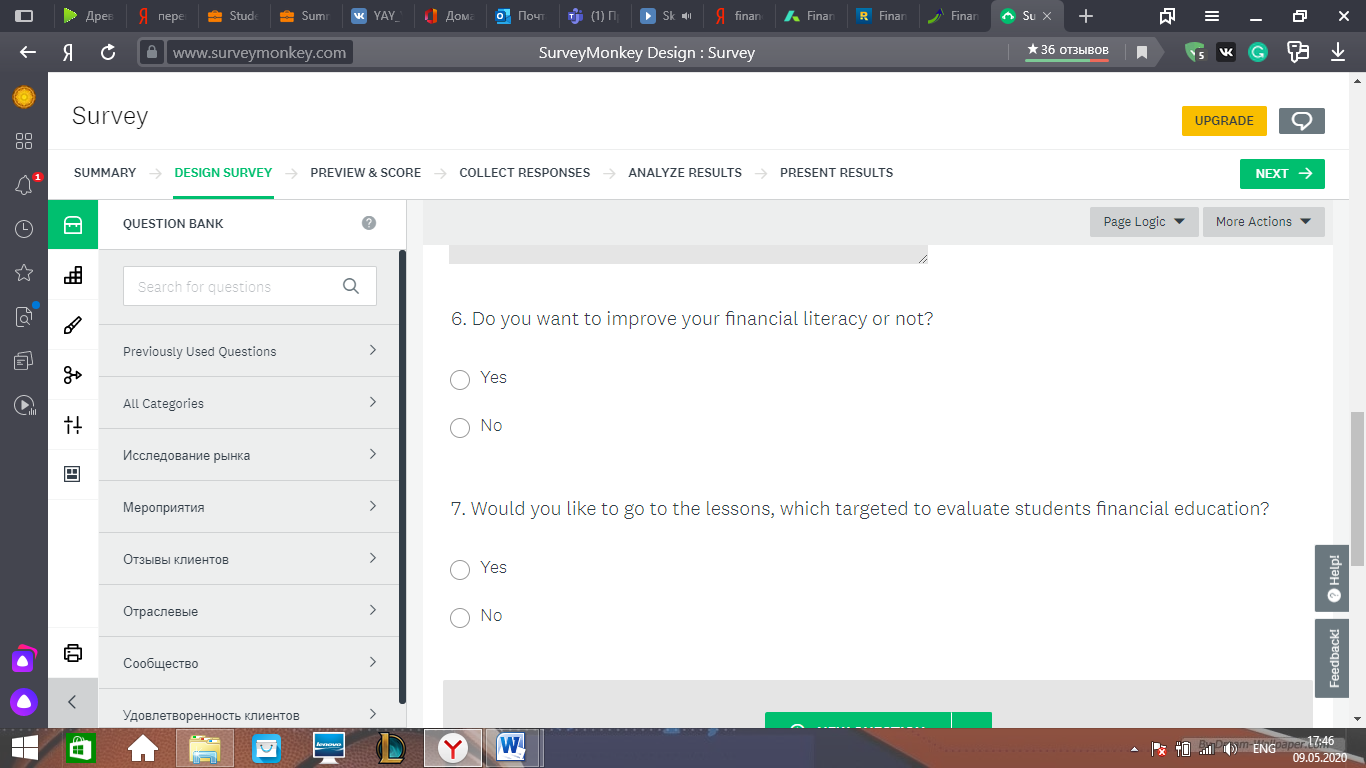


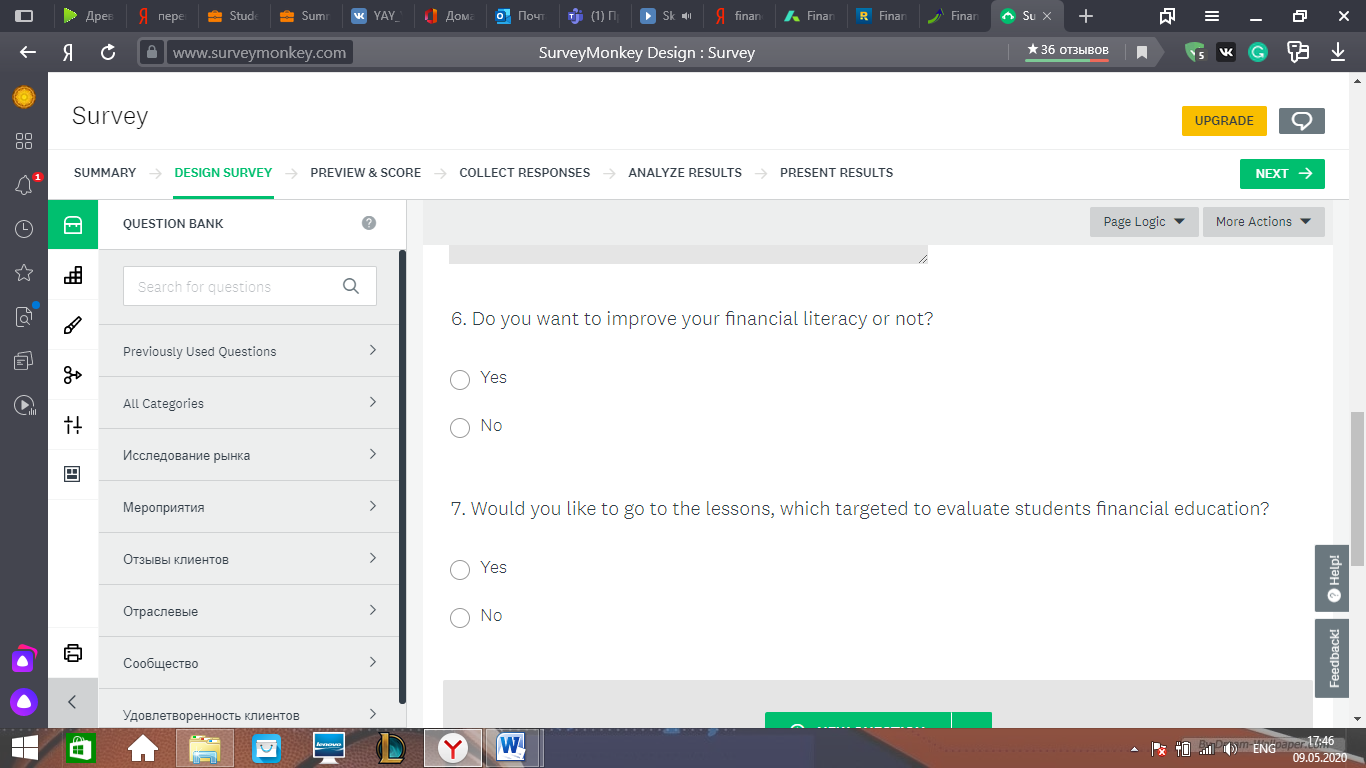




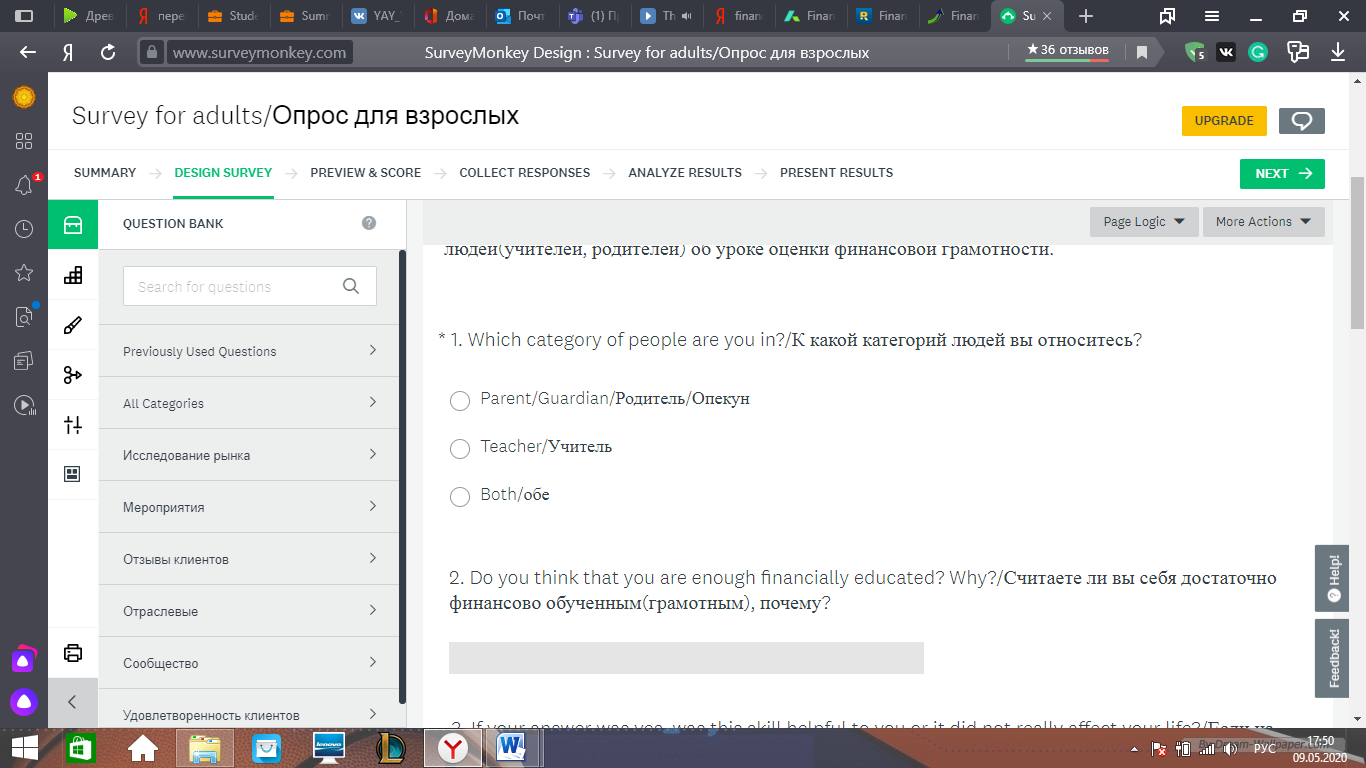


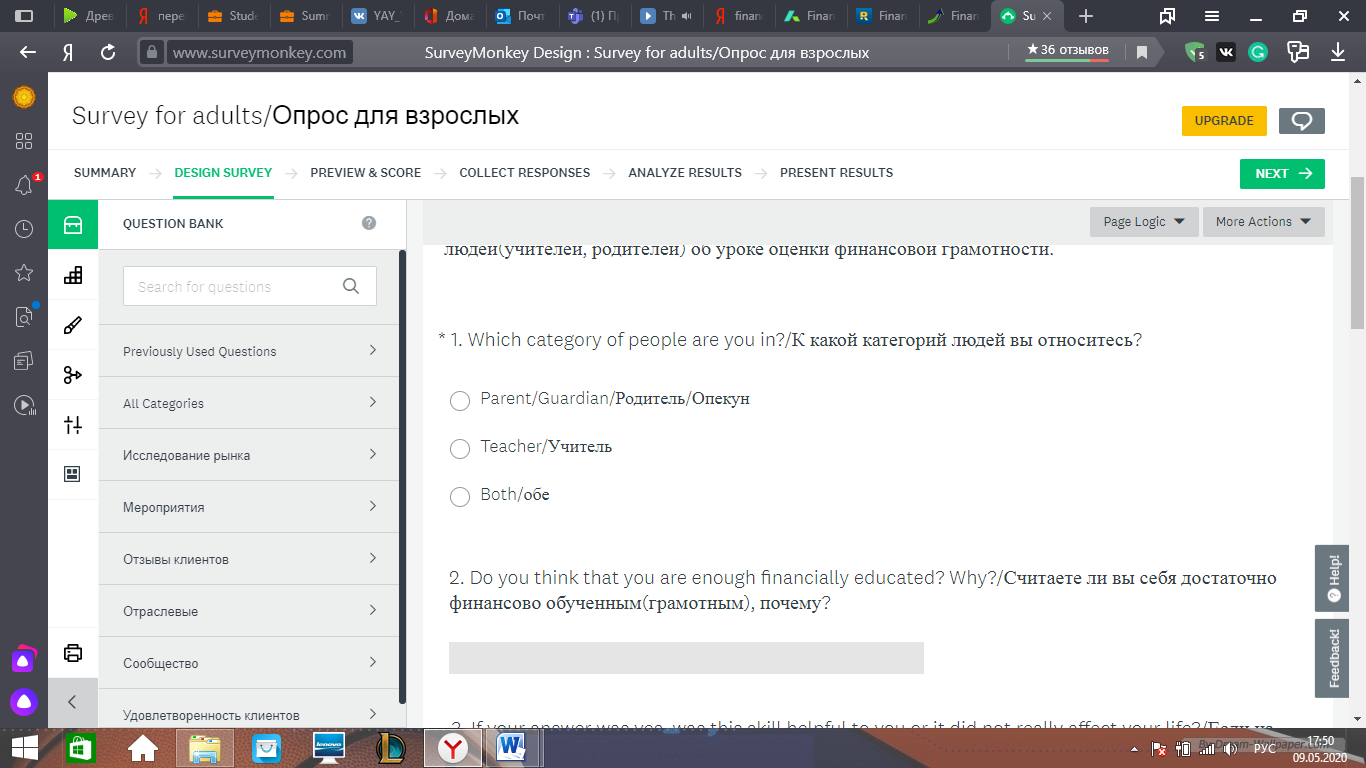


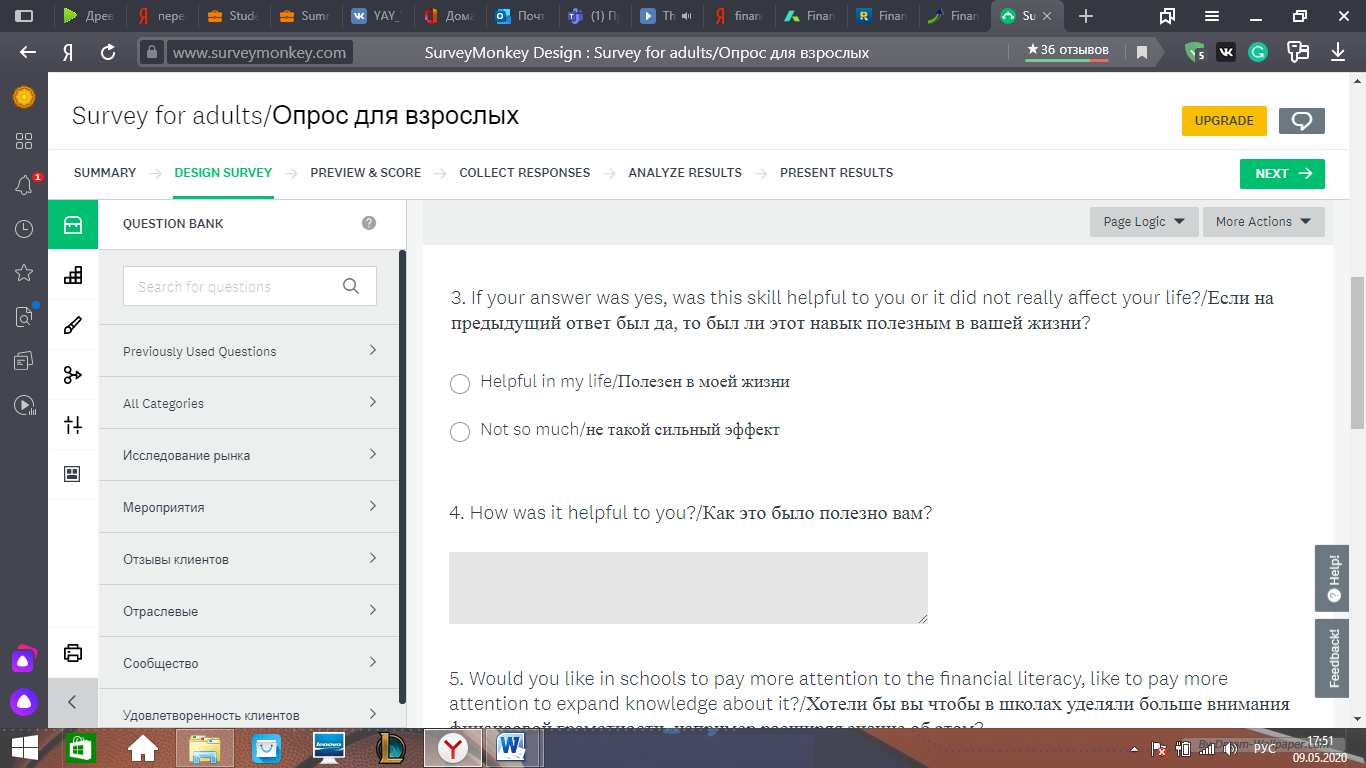


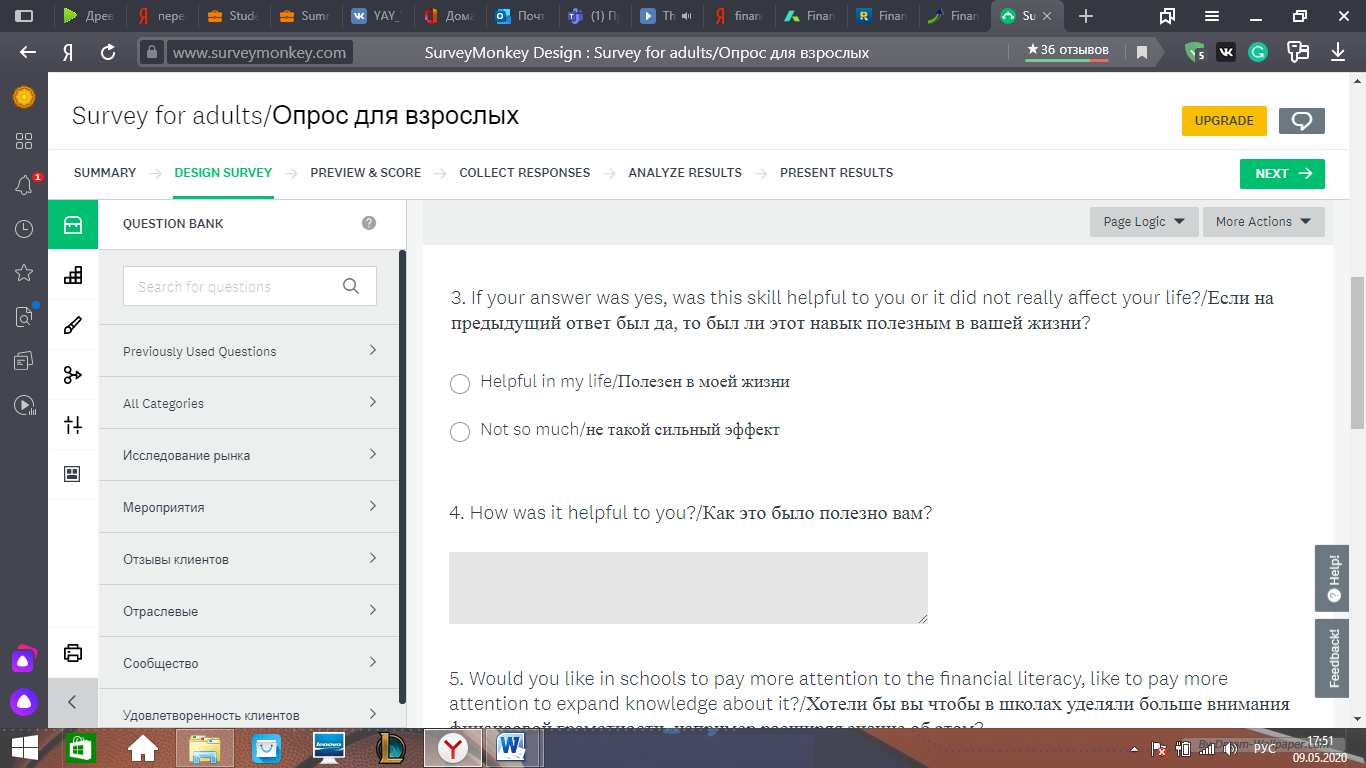


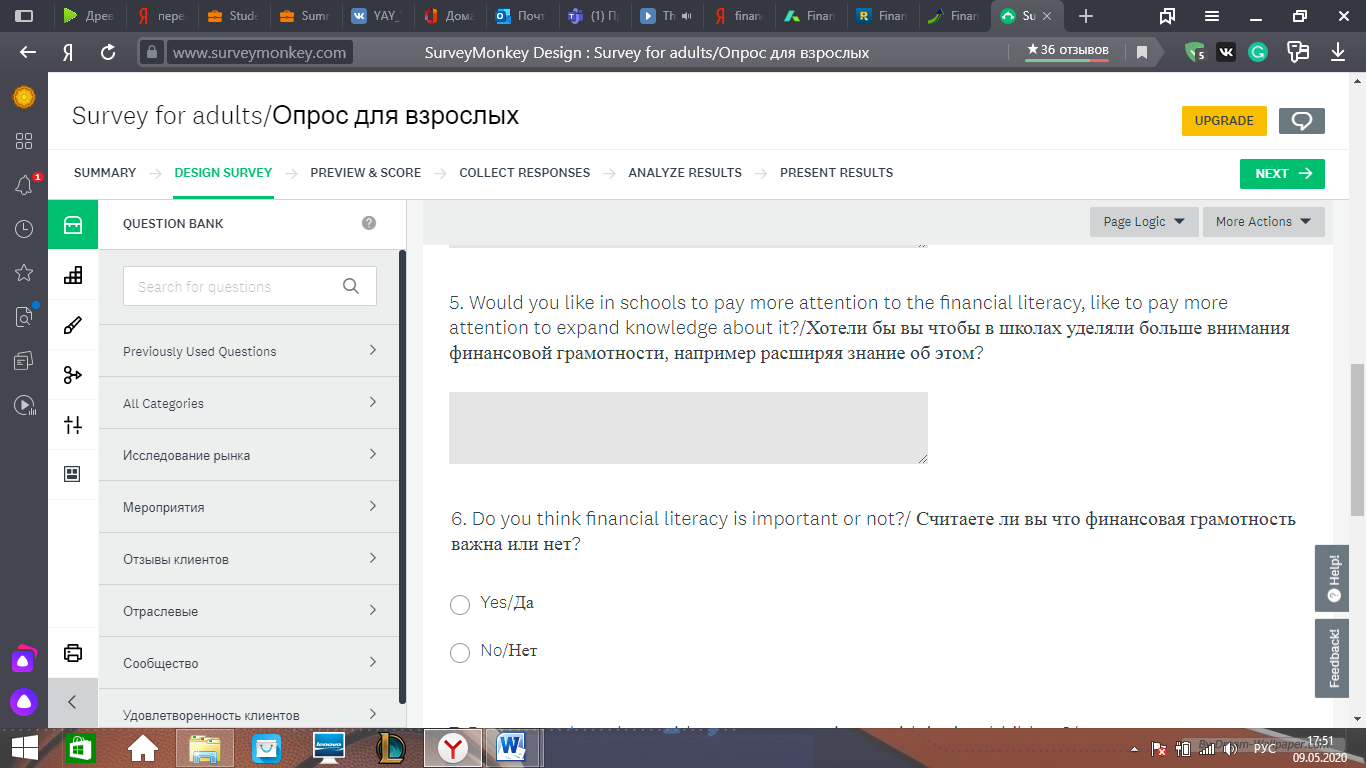
**Survey for adults:**

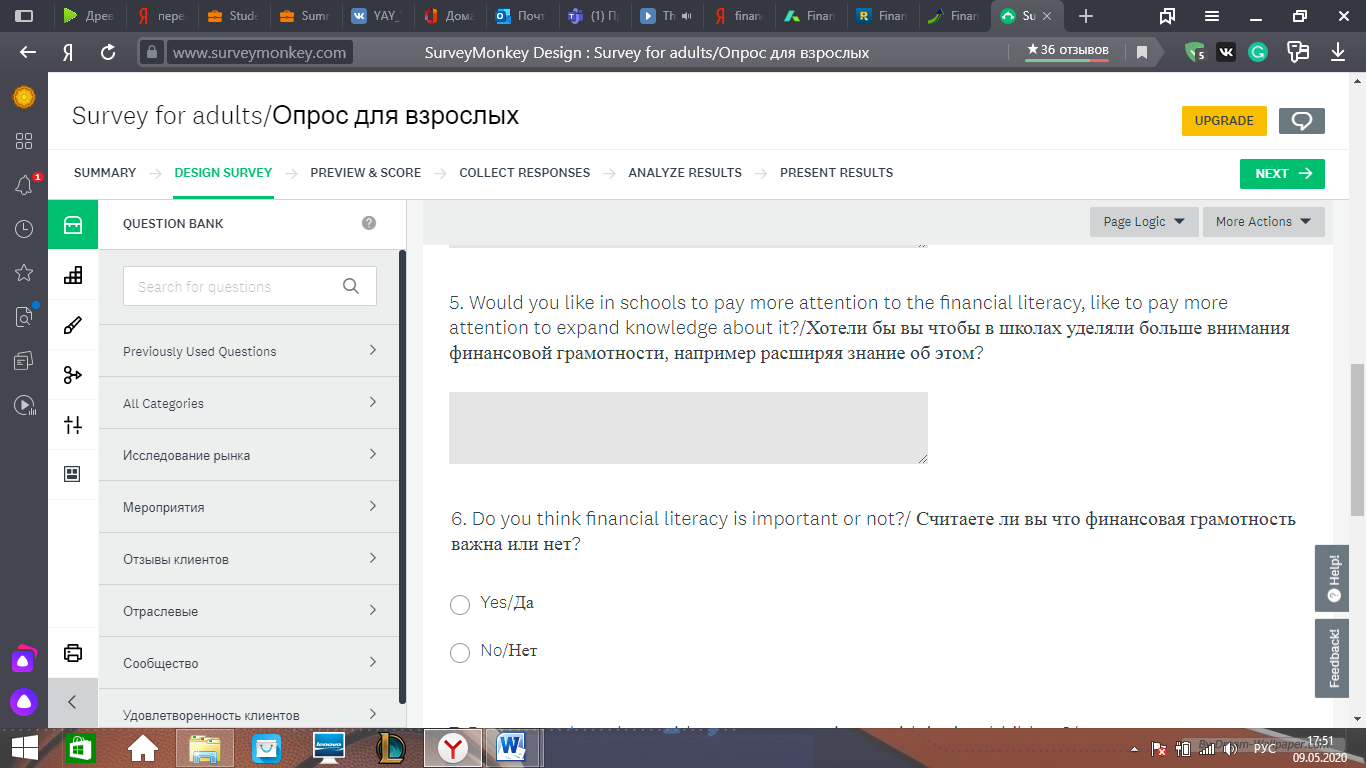


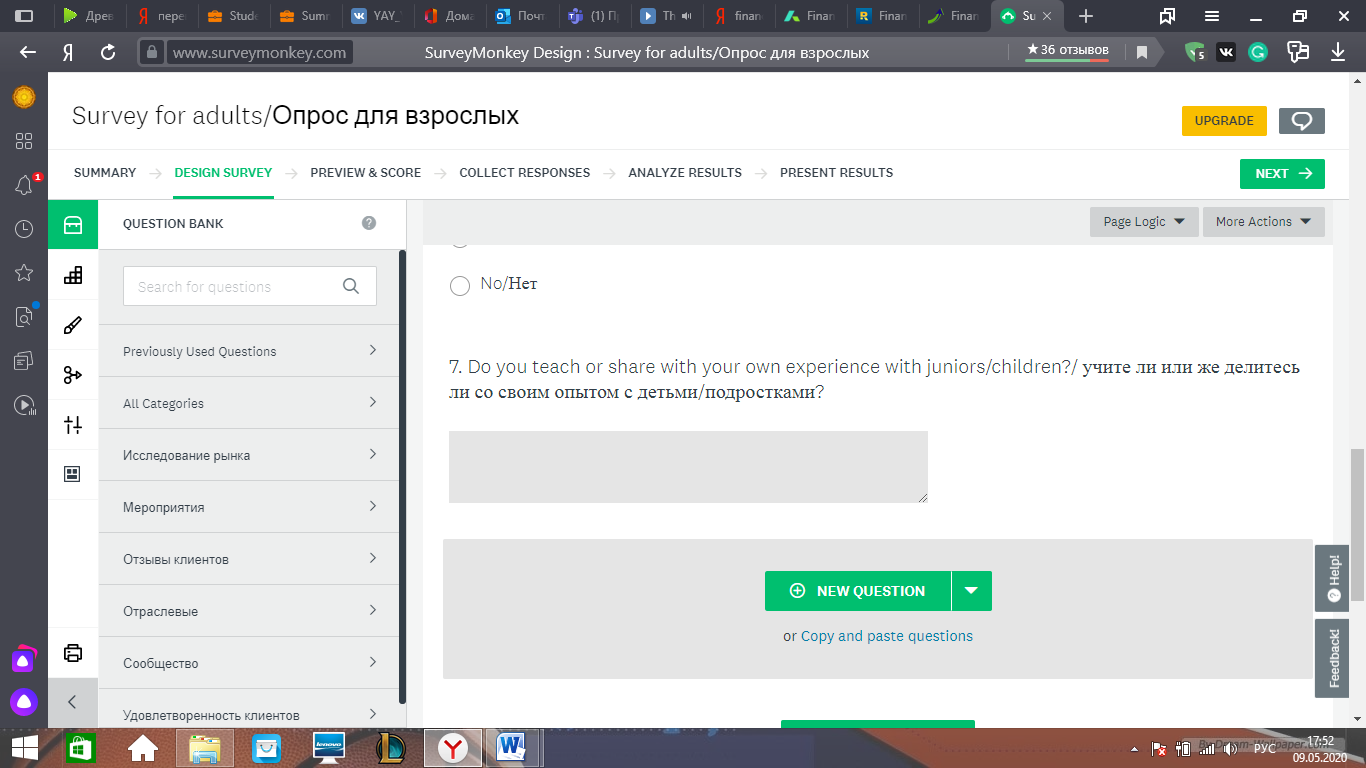












**Interview1 (economic classes teacher):**

Question: Would you like in schools to pay more attention to the financial literacy, like to pay more attention to expand your knowledge about it?

Answer: yes, there should be at least a short course of financial literacy as students will learn the basics of money and budgeting, saving, lending.

Question: what about economic classes, does their cover knowledge about financial literacy?

Answer: there is no specific topic but we do learn about money, sources of finance and the ways of investing it and possible risks.

Question: From your own experience, what do you think about this skill?

Answer: I think it is a very important skill as the knowledge students gain will help to build strong money habits and the ways of avoiding many of the mistakes that lead to lifelong money struggles.

**Interview2(parent with financial education):**

Question: Would you like in schools to pay more attention to the financial literacy, like to pay more attention to expand your knowledge about it?

Answer: Yes, but it will be preferable to teach them in high school, where they are understand the importance of this subject, also this lesson need to cover basic knowledge about money, saving and budgeting them, but do not overload them. It will be much better to find some balance for this lesson between the basic knowledge and overloading.

Question: From your own experience, what do you think about this skill?

Answer: I think it is one of the important skill, it will help everyone with control and divide their budget wisely, avoiding some mistakes with money and it will help to be more wealthy.